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Department
Business Plan and Outlook

Miami-Dade Housing Agency

FY 2005-06
&
FY 2006-07

December 2005

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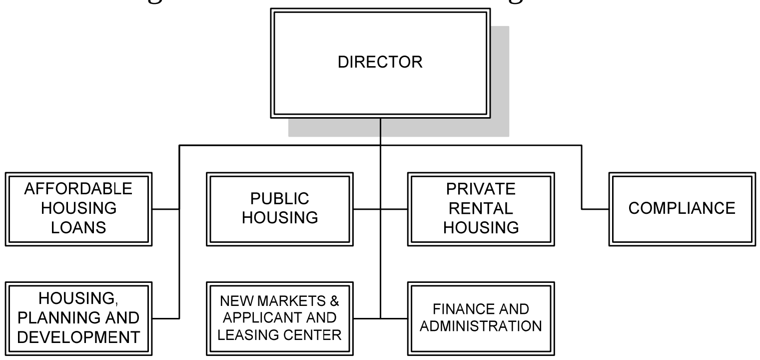
Executive Summary

The Miami-Dade Housing Agency (MDHA) provides federal-subsidies for over 10,000 units of public and other assisted housing, which it manages and maintains, and for 18,000 vouchers and other subsidies for private housing for low- and moderate-income residents of the county; it provides limited supportive services and programs to improve the quality of life and general environment of public housing residents; and coordinates most of the County's affordable housing programs, including the in-fill housing initiative.

Figure 1: MDHA Table of Organization



Key Objectives and Milestones

- Achieve a 94 % occupancy rate in public housing this year
- Maintain a lease-up rate of 94% or higher in the Section 8 rental voucher program this year, depending on federal funding
- Achieve standard or high performance scores for the PHAS and SEMAP assessment systems every year
- Enable 225 low- to moderate-income families purchase homes this year

Significant Factors Affecting Performance

- Deteriorating fiscal health with significant federal cuts in both public housing and housing assistance payments (HAP) funding and cost increases outside the control of MDHA
- Implementing new mortgage services software to improve services provided in the Agency's loan programs
- Increasing costs of housing construction and sales prices require more subsidy for both developers and homebuyers, creating more demand for financial resources
- Upgrading existing Section 8 and public housing software to improve productivity, management oversight and customer satisfaction
- Expanding new market's efforts to include projects that make more effective use of MDHA and county resources and that generate income for MDHA
- Maintaining and adequate inventory of land availability for in-fill
- Ensuring participation of qualified private developers, CDC's, and lenders to enhance home sales and financing of in-fill properties
- Removing remaining barriers of infill housing development

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Department Director

Introduction

Department Purpose

Manage, maintain and improve over 10,000 units of County-owned, federally subsidized and mixed use housing; facilitate provision of supportive services and programs to improve the quality of life and general environment of public housing residents; coordinate contracting for over 17,000 units of privately-owned low- and moderate-income housing, ensuring safe, decent housing; provide mortgages to low- to moderate-income working families for homeownership; develop in-infill properties for low to moderate income families homeownership opportunities.

Mission

Since MDHA is funded primarily with federal dollars from the United States Department of Housing and Urban Development (HUD), it is required to be aligned with HUD's goals and objectives as well as the County's. Therefore, HUD's mission and goal statements are included in this business plan. Since MDHA is monitored for performance on an annual basis by HUD through its two major performance assessment systems--the Public Housing Assessment System (PHAS) and the Section 8 Management Assessment Program (SEMAP)—MDHA is driven by system requirements as they relate directly to federal funding allocations as well as federal satisfaction with the management of MDHA's resources. (See appendix 1 for a summary of PHAS and SEMAP indicators.) The County's strategic plan goals and objectives are incorporated into the broader HUD goals. This plan integrates both sets of goals, objectives and performance measures in one document.

HUD's Mission Statement

To promote adequate and affordable housing, economic development and a suitable living environment free from discrimination

HUD's Goals

HUD1: Increase the availability of decent, safe and affordable housing
HUD2: Improve the quality of assisted housing
HUD3: Improve community quality of life and economic vitality
HUD4: Provide an improved living environment
HUD5: Promote self-sufficiency and asset development of assisted households
HUD6: Ensure equal opportunity and affirmatively further fair housing

Miami-Dade Housing Agency Mission

MDHA's mission statement is:

We, the employees of Miami-Dade Housing Agency, through our collective efforts to positively enhance and better serve this community with integrity, care, high ethical standards and competence, are committed to provide to low- and moderate-income residents of Miami-Dade County:

- Quality, affordable housing opportunities
- Neighborhood revitalization and stabilization activities
- Economic independence opportunities
- Partnerships with private and public entities to optimize resources through innovative programs
- Efficient and effective management of resources generated

Department Description

MDHA is the ninth largest public housing agency in the nation, offering a variety of comprehensive and unique housing services, including:

- Management of over 10,000 units of public and other housing
- Administration of Section 8 subsidized payments to private landlords for over 17000 clients
- Oversight of the nation's first public housing assisted living facility (ALF)--the 100-bed Helen Sawyer ALF and under contract the new 100 bed Ward Towers ALF that opened in the summer of 2005
- Administration of the Documentary Surtax Program and State Housing Initiative Program (SHIP)
- Contractor for the Office of Community and Economic Development Home Investment Partnership Program (HOME)
- Manager of the in-fill housing initiative for the county
- Developer of the Scott-Carver neighborhood revitalization

Since the merger of "Little HUD" and the Special Housing departments into the Miami-Dade Housing Agency (MDHA) in 1996, MDHA manages the majority of the county's assisted housing programs, leading to improved coordination among them and to a reversal in general fund support for housing. Prior to the merger the general fund provided up to $6 million a year for public housing. Over the last nine years, MDHA's direct support to the general fund has grown to over $3 million a year; when combined with the reduction of general fund support, these payments have provided a net benefit to the general fund of over $63 million since the merger.

Major Housing Programs

Public Housing

Public housing manages about 9,500 public housing units, including maintenance, rent collections, minor capital improvements, tenant council management and other tasks. Housing management is divided into three regions, Region 1--north, Region 2--central and Region 3--south. There are 30 separate housing sites with 135 individual developments. In addition, MDHA has mixed-use housing sites managed by private companies, totaling 566 units; rents in these are market-rate but accommodate low-income families. During fiscal year 2004-05, the number of ALF units under management doubled from 100 to 200.

Private Rental Housing (Section 8)

The Section 8 program is an umbrella housing subsidy program providing rental assistance to eligible families and elderly residents, allowing them to rent units in the private rental market. There are a number of different programs within Section 8. The various programs provide rent subsidies so that both the landlord and the eligible families benefit, with the landlord receiving a steady monthly income and families able to rent dwellings where the housing cost would otherwise be prohibitive. Typically, tenants pay up to 30 percent of their income for rent and MDHA, through the federal government, subsidizes the difference in housing assistance payments (HAP) to the landlord. In addition, annual enforcement of housing quality standards (HQS) ensures that housing remains decent, safe and sanitary. A relatively new program in this division is the Section 8 Homeownership program, which allows for the use of the Housing Choice Voucher subsidy to be applied towards mortgage payments instead of rental payments, thereby enabling participants to purchase a home for close to their monthly rental payment. Through 2005, 45 families purchased homes with Section 8 vouchers.

New Markets and Applicant and Leasing Center

New Markets focuses on making county property available to builders and non-profits fro the development of affordable housing. The Infill Housing Initiative is an innovative housing effort to revitalize neighborhoods by expanding homeownership opportunities in urban areas and to generate a growing property tax base. The main focus of the program is recycling abandoned lots and turning community eyesores into healthy neighborhoods.

The Applicant and Leasing Center (ALC) is the clearinghouse for all programs administrated by the agency for which a waiting list is maintained. ALC monitors and administers waiting lists, performs initial applicant certification for public housing, Section 8 Housing Choice Vouchers and single family rehabilitation loans. The selection, certification and housing offer processes must comply with the Adker Consent Decree.

Housing, Planning and Development

This division manages the Capital Fund Program (CFP) to maintain and improve the physical condition of public housing. HUD provides CFP funds annually; the amount is dependent on the federal budget. The planning and development staff work with architectural and engineering consultants and contractors for the design and construction of most of capital projects. For example, the Scott-Carver HOPE VI project will create a mixed-income neighborhood, reducing the concentration of poverty by lowering density by 56 percent and increasing homeownership opportunities for current and former residents.

Development and Loan Administration (Surtax)

Several types of loans are available through this program.

Construction Loans for Housing Development. These loans average 10 percent of the total project cost and are available to community development corporations (CDC) and private developers for rental and homeownership developments. MDHA's Development and Loan Administration works with a consortium of banks, corporate equity investors and others to provide low-cost financing for projects that would otherwise be difficult to finance using standard market rates.

Homeownership Second Mortgages. This program provides second mortgages to qualified homebuyers. Working with a consortium of banks and others, qualified residents can receive up to $80,000 (subject to change depending on market conditions) for a second mortgage at low interest rates. Sometimes payments are deferred, allowing the new homeowner the chance to build equity at an affordable mortgage payment. The balance of the loan becomes due and payable at the time the property is rented, sold or transferred in accordance with the mortgage.

Single Family Rehabilitation Loan Program. This loan provides lopw-interest loans for owner-occupied home repair in order to maintain the county's existing housing stock. The program is open to homeowners of owner-occupied property in need of rehabilitation with qualifying household incomes. Forgivable loans are provided for eligible homeowners who do not have the financial resources available to repair their property and are not able to borrow the funds from conventional sources, such as banks or mortgage companies. In most instances, loan repayment is not required as long as the borrower owns and lives in the property being repaired. The balance of the loan becomes due and payable at the time the property is rented, sold or transferred. There are also special initiatives that benefit the elderly and the physically disabled. Maximum amount for regular loans is $30,000.

Homebuyer Counseling. Provides financial management, credit counseling and other related technical services to participating families for financing single-family homes.

Compliance

This office provides agency-wide compliance functions, including program audits and management reviews, investigations of fraud and complaints, development of and revision to policies and procedures, review and interpretation of HUD regulations and notices, and development of federally-required agency management plan. Compliance staff provide oversight of federal Section 3, Fair Housing and Equal Opportunity and Adker Consent Decree requirements and program compliance of the Capital Fund Program. The office conducts hearings and appeals, and does quality assurance monitoring of HUD SEMAP and PHAS requirements.

Administration and Support

Office of the Director. This function, including the deputy director, Board of County Commissioners agenda coordination, communications and ADA coordination, provides direction and management supervision to all divisions and offices in the agency. The director works closely with HUD on program management and compliance.

Finance and Administration. This division provides financial and administrative support to the agency. The functions under this division are: budgeting, accounting, procurement, personnel, training, management information systems, contracts, fleet and emergency management. Finance staff process accounts payable, maintain vendor files, and issue over 8,000 checks per month to vendors and landlords. Landlord payments total about $120 million annually. In addition, this program manages the agency's MIS operations, including the proprietary housing management and federal reporting software.

Organization and Staffing Levels

The following provides an overview of the Housing Agency staffing and expenditures. Table 1 summarizes budgeted full-time positions by division for last fiscal year and the current year.

Staffing Levels

Full-time staff decreased from FY 04-05 to 05-06 by 84 positions (see Table 1), and part-time positions were reduced by 81 positions due to shortfalls in revenue and increases in some costs.

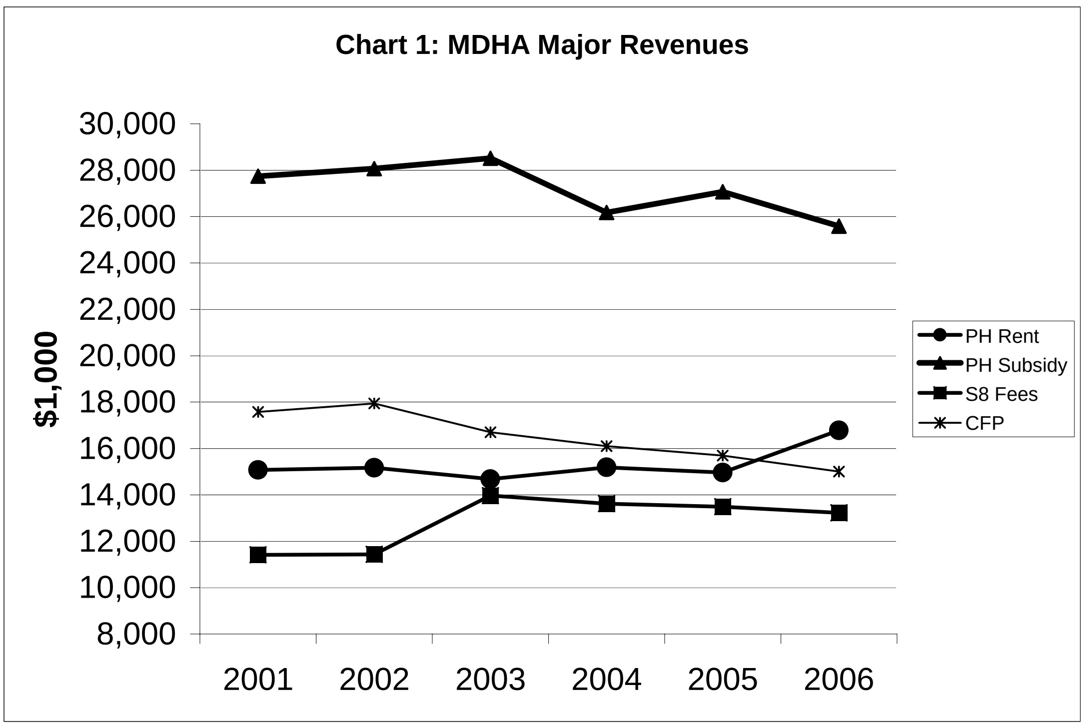
Table 1: Budgeted Full-time Staffing Levels

Functions	FY 04-05	FY 05-06
Administration & Support	90	77
Affordable Housing	63	62
Compliance	21	18
Development	34	33
New Markets / ALC	54	43
Private Rental	129	107
Public Housing	383	350
Total	774	690

Further, MDHA has eliminated all temporary agency employees, except for short-term special projects or where an existing employee is out for an extended time for various reasons. In total, the number of staff providing direct and support services is at its lowest levels in over a decade.

Fiscal Environment

The fiscal picture of agency is shown in Charts 1 and 2 and tables 2 and 3. These data support the statements that fiscal health is a major concern of the agency now and in the foreseeable future. It is clear that operating revenue (excluding HAP and Surtax revenue) has been relatively flat, or as anticipated based on recent Congressional action, declining, with the exception of rental income generated in public housing. It is hoped that with higher occupancy in public housing rental income will increase this year. Chart 1 reflects five-year revenue history and budgeted revenue for FY 05-06; however, HUD is still computing allocations for calendar year 2006, the new Congressionally-mandated fiscal year for all public housing agencies in the United States. Official notification is expected in January 2006. With personnel expenses rising and revenue either staying flat or decreasing, MDHA will be hard pressed to maintain service at their current levels.



Revenues and Expenditures by Source

Unlike other proprietary agencies in the county, MDHA does not generate fees from rates or other charges. It is largely dependent on federal grants in the form of per unit subsidies or administrative fees from the federal government. There are costs, such as health insurance, beyond the control of the department. Chart 2 shows the changes in per employee health costs over the past four years.

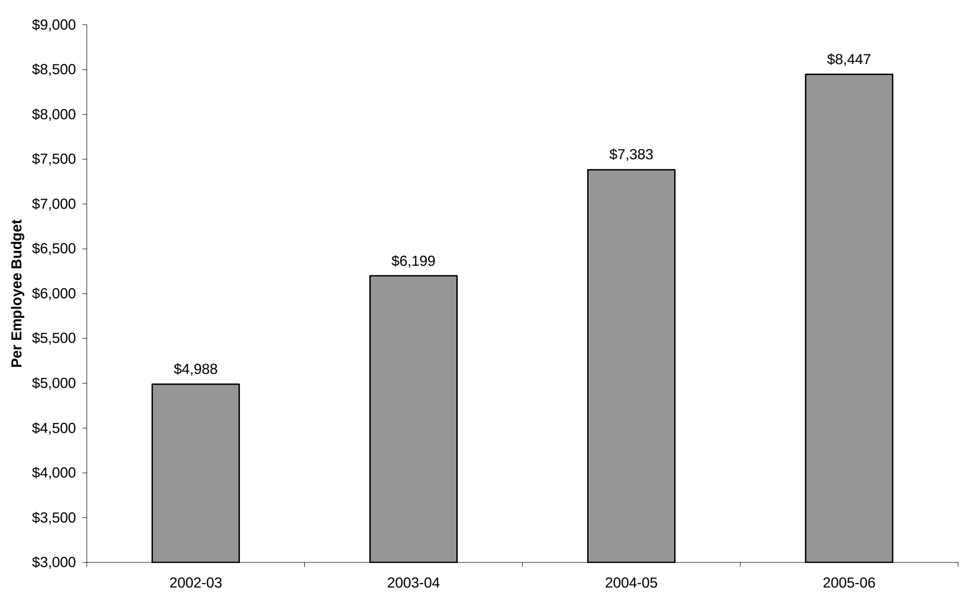
Table 2: Revenue and Expenditures
(Dollars in Thousands)

	FY 04-05 Actual	FY 05-06 Budget	Year-End Projection
Revenues			
Surtax	$97,136	$70,151	$70,151
SHIP*	35,485	21,350	21,350
Section 8	149,622	148,829	148,829
Housing	56,661	58,510	58,510
Other	4,875	4,602	4,602
Total	$343,779	$303,442	$303,442
Expense			
Personnel	$45,909	$41,798	$41,798
Operating	196,929	260,411	260,411
Capital	844	1,233	1,233
Total	$243,682	$303,442	$303,442

Table 3: Equity in pooled cash
(Dollars in Thousands)

Fund	FY 04-05 Beginning Balance	FY 04-05 Ending Balance	FY 05-06 Budget
Surtax	$7,885	$48,094	$70,151
SHIP	20,320		21,350
Total	$28,175		$91,501

Chart 2: Per Employee Health Insurance Increase



Business Environment

Fiscal year 2005-2006 continues to pose challenges to the Agency. On the fiscal side, the federal government has proposed cuts in Section 8 and public housing subsides, but final figures are not expected before January 2006. Over the past four years, MDHA has seen funding for several key programs eliminated at the federal level, including funds for dedicated police and major social service programs. These will not be resurrected for the foreseeable future.

A second area of concern is increasing expenditures related to wages and benefits. Health insurance charges for employees for this fiscal year increased by $700,000, and cumulative cost of living increases, other wage increases and increased retirement expenses have added almost $5 million in costs over the past five years.

On the positive side, MDHA's efforts, both financial and management, have led to a reduction in the number of public housing vacancies from a high of 1,500 three years ago to under 703 in November 2005. Never-the-less, MDHA still has to balance the requirements of a federal court order (Adker Consent Decree) with its mission to provide quality housing to low-income families. Currently, the requirements of the consent decree make it extremely challenging and costly to fill vacancies in public housing. The decree will end in 2009. New initiatives—the Enterprise Income Verification and the Criminal Justice Information System Match—in the past year will continue in 2005-06 and after and will impact operations.

Also, the lease-up rate in the Section 8 program has fallen to 94 percent after being nearly 100 percent for most of 2005. The reason for this is simple: HUD is not funding HAP at the level of need but at an average of past payments. HAP is now a fixed amount for the calendar year and housing agencies across the country have been reducing the number of vouchers in use due to funding limitations. On the plus side, 45 clients were able to buy homes using their Section 8 vouchers. The new in-fill housing program has enabled over 600 low- to moderate-income families to become homeowners while creating a higher quality of life in inner city neighborhoods since its inception in 1998. The Ward Towers assisted living facility (ALF) opened in the summer of 2005. Demolition work at the Scott Carver redevelopment project is complete and construction of new homes should begin in early 2006. The Surtax program provided 204 single-family mortgages and 171 rehabilitation loans to low- to moderate-income families as well in FY 2005. After years of effort, new mortgage services software has been installed for managing the Surtax loan program, and will be in full-time operation in January 2006. Lastly, housing market conditions are creating greater demand on the county's limited affordable housing resources, requiring higher subsidies for both developers and homebuyers.

Customer Feedback

MDHA is unlike most county departments when it comes to customers. The agency knows who they are, where they live and/or their places of business. As property managers/landlords/lenders, the agency has over 9,000 leases affecting perhaps as many as 40,000 people—those housed in our units. As the liaison between private landlords and tenants, the agency has over 17,000 vouchers perhaps affecting some 60,000 family members. In public housing, the agency funds the Overall Tenants' Advisory Council (OTAC), an independent 501(c)(3) organization that represents public housing tenants with MDHA. The agency also has a Section 8 Resident Advisory Board, which serves as a liaison between voucher holders and MDHA. Moreover, USHUD conducts a random sample satisfaction survey of public housing residents each year as part of MDHA's performance evaluation under PHAS.

As a mortgage banker, the agency has contractual relationships with thousands of individuals and has more than a dozen bank partners who participate in loan programs. In general, the agency receives customer feedback every day from many of our clients. In addition, the agency has more formal methods for learning about our customer concerns. In our loan programs, staff provides counseling to many prospective clients and specifically to all clients who are moving through the contracting process. We meet periodically with bank partners to review joint efforts and to identify ways to improve internal business processes.

In the voucher program, the agency has conducted a survey of landlords and plan to conduct one such random sample, mail survey each year in the future. Consultants have conducted exit interviews of customers leaving the Section 8 building. The agency also plans to create a landlord advisory council to provide regular feedback to MDHA.

In general, however, since agency staff are in regular contact with most customers, feedback is constant, swift and targeted. This feedback is used to help guide staff in program evaluation, business process improvement and restructuring service delivery.

Critical Success Factors

Key items for successful achievement of Agency goals and objectives are summarized next.

- Maintaining fiscal health—HUD returns funding to levels sufficient for managing public housing and voucher programs and the county limits its overhead charges and other costs not under MDHA's control, or the county reduces its reimbursement costs to the general fund
- Managing effectively the requirements under the Adker Consent Decree to reduce public housing vacancies
- Upgrading existing Section 8 and public housing software to improve productivity, management oversight and customer satisfaction
- Expanding new market's efforts to include projects that make more effective use of MDHA and county resources and that generate income for MDHA
- Land availability for in-fill development
- Participation of developers, and lenders to enhance the availability of affordable units and sales and financing of in-fill properties
- Removing remaining barriers of infill housing development

Future Outlook

The key concern facing the agency is fiscal health. HUD has under-funded public housing and Section 8 programs in recent years and made it more difficult to earn and keep administrative fee revenue. Uncontrollable personnel and other costs imposed on the agency by the county squeeze the agency on the expense side. The trend for declining revenues and increasing costs appears to be continuing and may accelerate. It likely will become more challenging for the management of this agency and its line employees to maintain levels of service and productivity achieved in recent years while addressing remaining performance issues.

It appears that these fiscal conditions may mean fewer families will be receiving benefits, landlord rent will be reduced or tenants will have to pay more than 30 percent of their income to stay in the program or a combination of these options. From an administrative perspective, the future of private rental housing performance rests with improving productivity both through revamping work processes and improving software support. These efforts are underway with major improvements expected in mid 2006.

A key project in the Agency's drive for efficiency is the future consolidation of all support and some direct services in one location. Currently, the functions proposed for consolidation are located in 16 different buildings in six different geographic locations. This consolidation has been delayed due to site problems. A move is now anticipated for late 2007.

Finally, HUD has announced that, beginning in 2007, all public housing funding will be based on a new asset allocation methodology. In a nutshell, this means that HUD will fund housing agencies based on estimated site costs with other services, including support and overhead, allocated to units and charged back in some fashion. The rules governing this process have not yet been released, but it is anticipated that along with this new funding mechanism, housing agencies will receive less funds to operate than they currently receive. It will also make it more difficult to pay for overhead and other services not tied directly and specifically to the operations of public housing sites.

The Plan

Overview

Our FY 2005–06 business plan draws on previously adopted work including the Miami-Dade County Strategic Plan, HUD's strategic plan and previous MDHA business plans, which provide more detailed objectives related to the major functions of the department. Each year, MDHA is required to update and submit to HUD a five-year plan, detailing resource and program commitments related to HUD's goals.

As part of the County's Strategic Plan, the Board of County Commissioners endorsed nine priority strategic themes countywide. MDHA is primarily supportive of the following strategic themes:

- Improve quality of life, especially for families, youth and the elderly
- Ensure the county operates in a fiscally responsible and stable manner
- Improve customer service

Of course, MDHA's role in supporting these themes is limited to areas under its control, specifically public housing, Surtax, and Section 8 programs as well as the New Markets efforts related to in-fill housing and other development. Supporting these themes are goals and priority outcomes critical to achieving the objectives directly related to MDHA. These are provided along with the agency's tasks, activities and performance measures for fiscal year 2005-06 as shown in the Active Strategy web site.

Department-related Strategic Plan Goals

HUD1: Increase the availability of decent, safe and affordable housing
HUD2: Improve the quality of assisted housing
HUD3: Improve community quality of life and economic vitality
HUD4: Provide an improved living environment
HUD5: Promote self-sufficiency and asset development of assisted households
HUD6: Ensure equal opportunity and affirmatively further fair housing
County Goal HH5: Provide adequate, quality and affordable housing equitably throughout Miami-Dade County

County Goal HH7: Ensure high quality of care and customer service countywide
County Goal ED1: Allocate County government resources in support of activities that increase and diversity jobs and incomes while eliminating socio-economic barriers

Department-related Strategic Plan Priority Outcomes

HH5-1: Increased availability of affordable and special needs housing (Key outcome indicator = number of new housing units developed/financed annually)
HH5-2: Greater portion of elderly residents able to stay in their homes and maintenance of existing housing units in Miami-Dade County (key outcome indicator = number of rehabilitation loans provided annually)
HH7-1: Improved customer service and care in health and human services (key outcome indicator = scores on customer surveys)
ED1-3: Increased number of low to moderate income homeowners (key outcome indicator = number of new loans issued annually)

Details concerning objectives and performance measures can be found on the Active Strategy web site.

Appendix 1: PHAS and SEMAP Indicators

PHAS	**SEMAP**
1. Physical Condition (30 points)	Selection of families from the waiting list (15 points)
2. Financial Condition (30 points)	Written method to determine rent reasonableness (20 points)
3. Management Operations (30 points)	Third party verification of income and adjustments to income (15/20 points)
4. Resident Service and Satisfaction (30 points)	Review utility rate data (5 points)
	HQS quality control inspections (5 points)
	Enforce HQS inspections so that life-threatening deficiencies are corrected within 24 hours and other deficiencies within 30 days (10 points)
	Expand housing opportunities outside of areas of poverty or minority concentration by 5% each year (10 points)
	Adopt payment standards by unit size for each fair market rent (FMR) area (5 points)
	Annual reexamines for each family at least annually (10/5 points)
	Calculate family's share of rent 100% of the time (5 points)
	Inspect 100% of pre-contract units to ensure passing score prior to effective date of contract (5 points)
	Achieve an annual average lease up rate of 98% (20 points)
	Fill 80% of mandatory FSS slots and ensure 30% FSS clients have and escrow accounts (10 points)
	Bonus—De-concentration (5 points)